



The Defense Logistics Agency

**DoD's ONLY Logistics Combat
Support Agency . . .
Supporting
the Military Services &
Combatant Commanders for
Over 40 Years**



Discussion Framework

- ✓ **DLA Top Five Priorities**
 - **DLA Overview**
 - **Subsistence Prime Vendor (SPV)**
 - **DLA Transformation**
 - **Summary**



Discussion Framework

- **Support to the Warfighter**
- **Agency Transformation**
 - **Business Systems Modernization**
 - **Customer Relationship Management**
- **Corporate Climate**
- **“New Normal”**
- **Distribution Process Owner (DPO) Partnership**



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The DLA Enterprise

FY 02 Sales/Services: \$21.5B
FY 03 Sales/Services: \$25B
FY 04 Projection: \$28.9B

- Land/Maritime/Missiles: \$ 2.7B
- Aviation: \$ 3.3B
- Troop Support: \$10.2B
- Energy: \$ 5.2B
- Distribution: \$ 2.2B
- Other: \$ 1.4B

Foreign Military Sales

- Sales: \$719M
- Shipments: 580K
- Supporting 124 Nations

Scope of Business

- 45,000 Requisitions/Day
- 8,200 Contracts/Day
- #54 Fortune 500 – Above Northrop Grumman
- #2 in Top 50 Distribution Warehouses
- 23 Distribution Depots
- 4.8 Million Items
- 24.7M Annual Receipts and Issues
- 1411 Weapon Systems Supported
- 147.7M Barrels Fuel Sold (FY 03)
- \$12.5B Annual Reutilizations/Disposals

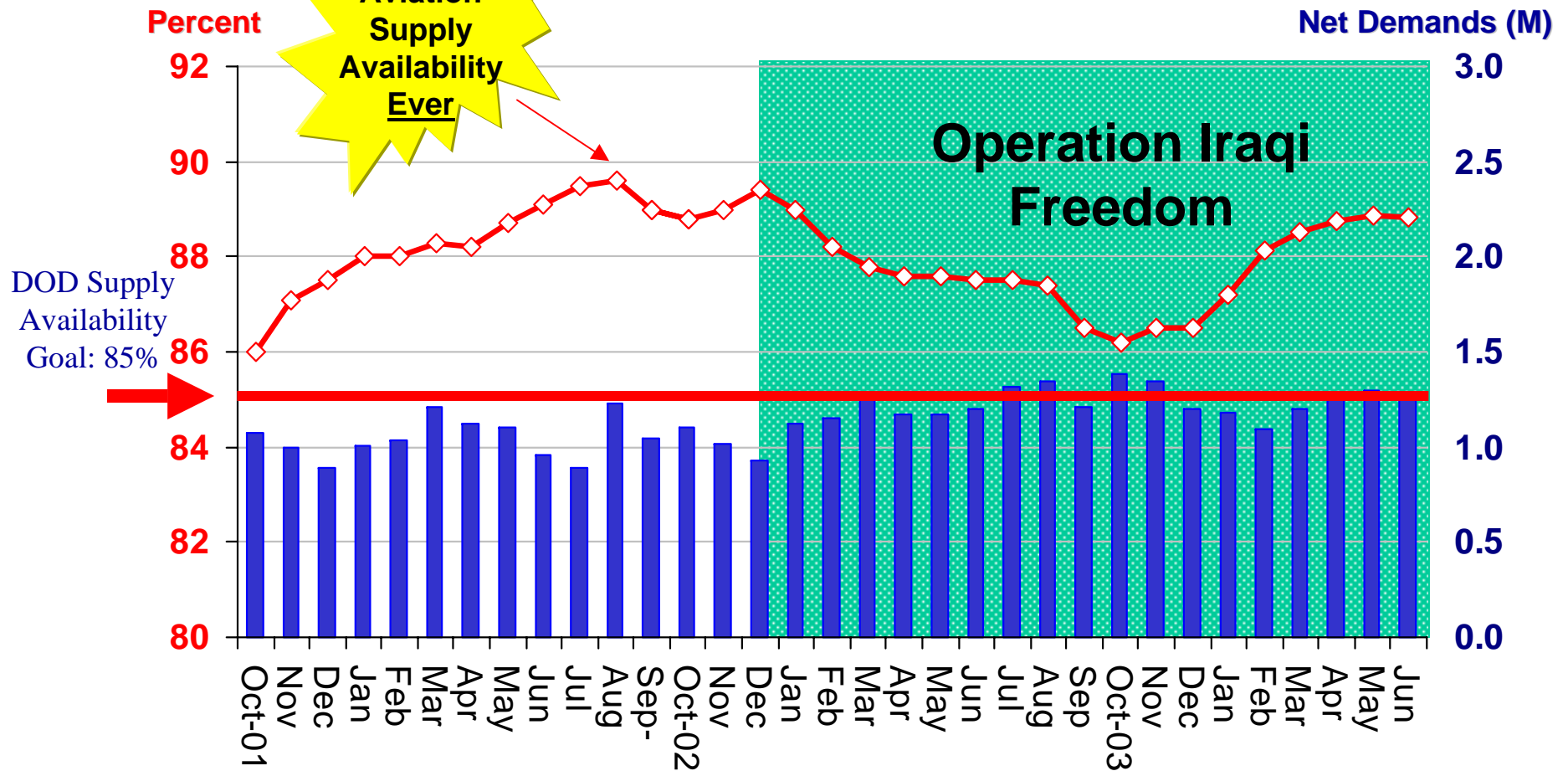
People

- 21,462 Civilians
- 525 Active Duty Military
- 637 Reserve Military
- Located in 48 States/28 Countries



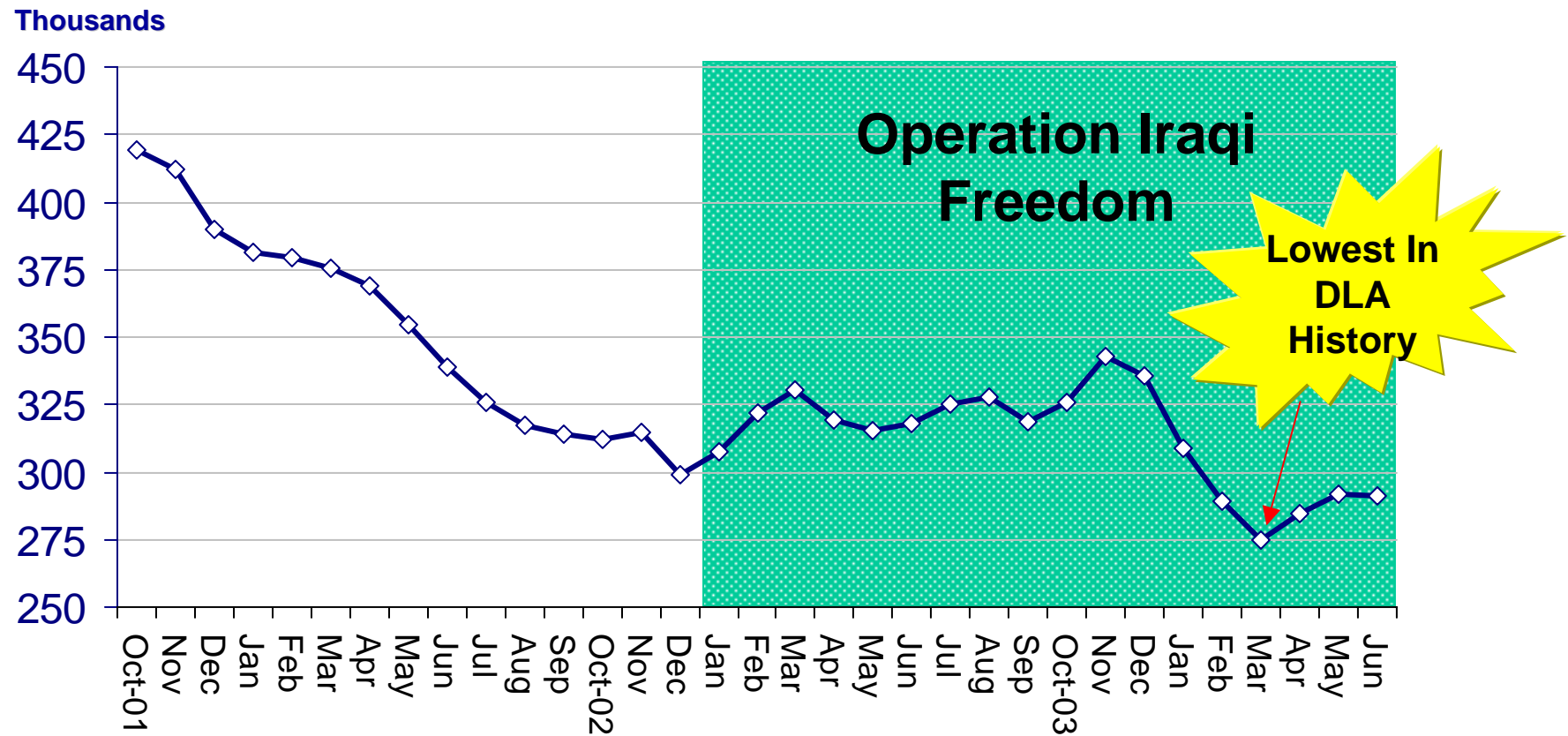
Supply Availability Hardware Total

Highest
Aviation
Supply
Availability
Ever





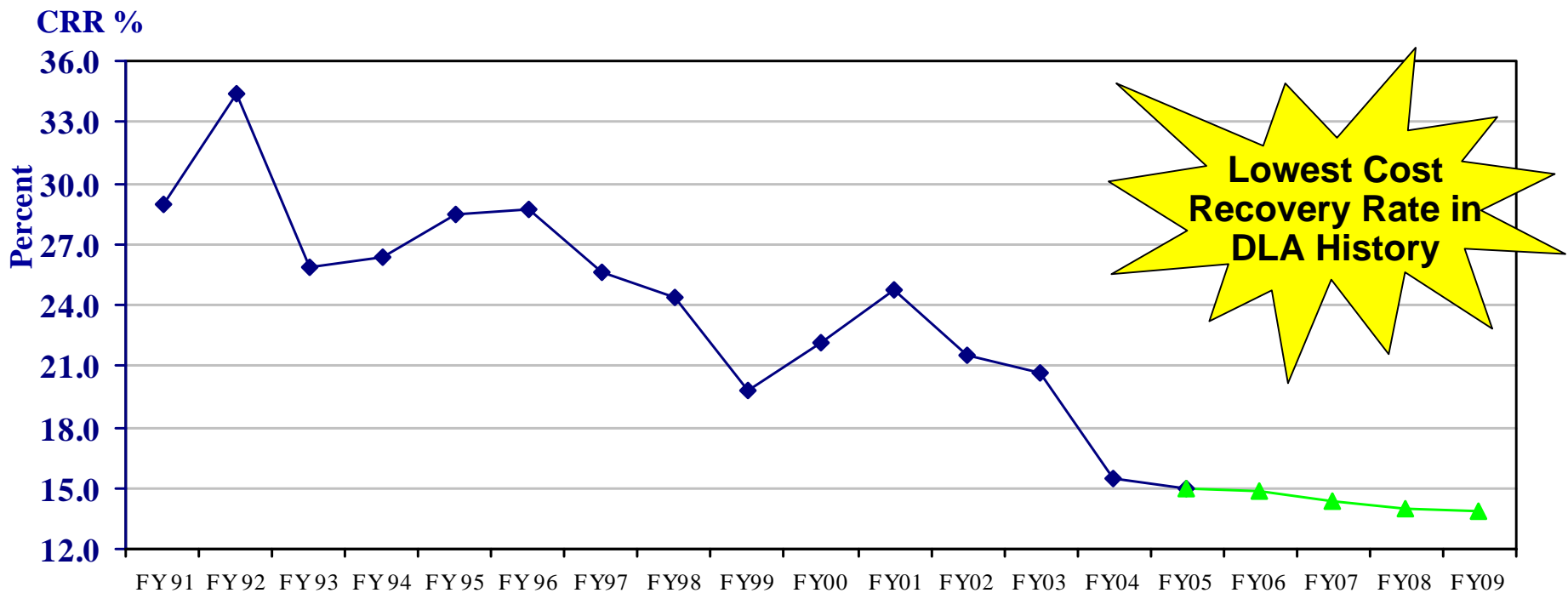
Backorders Hardware Total





Cost Recovery Rates Over Time

(Operating Costs as a Percentage of Total Sales)

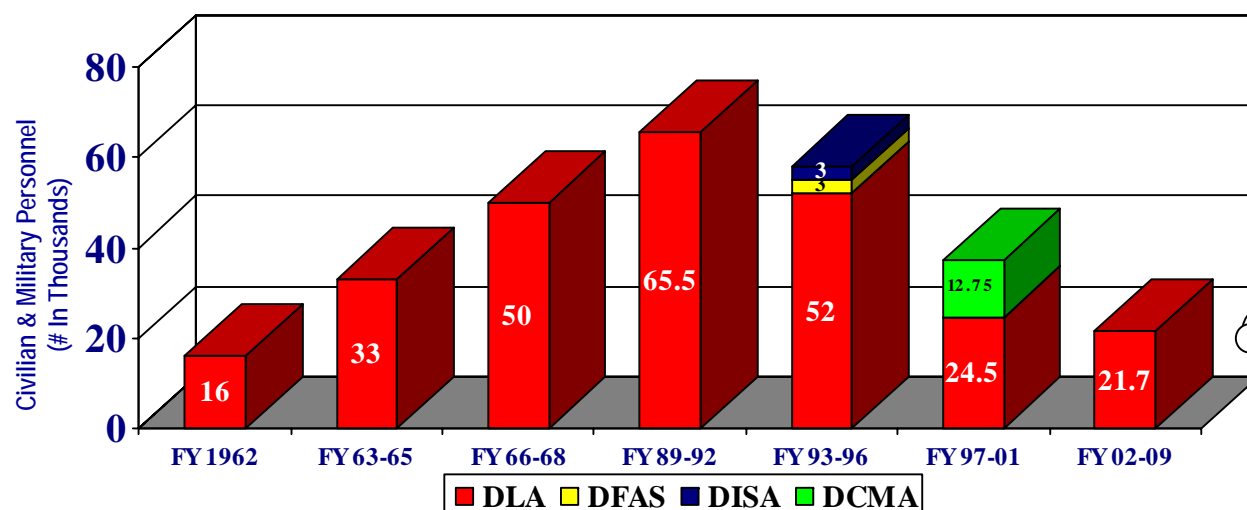
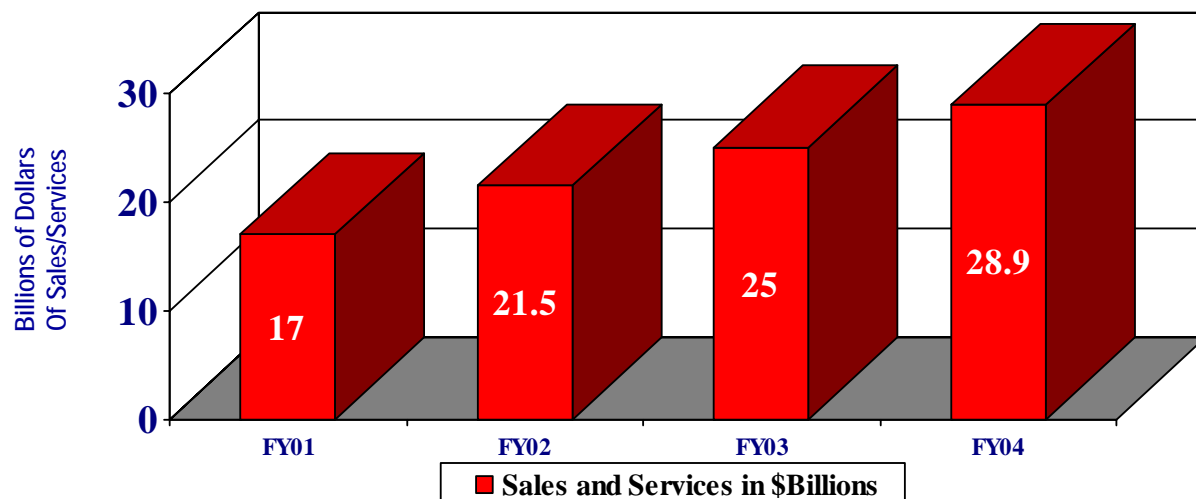


Savings For The Warfighter



DLA Transition... ...Leaner...More Productive

*From '01-'04,
Sales and
Services
grew by
70%...*



*...while
personnel levels
fell to their
**lowest since
1963 ... 12%
below DPG***



How We Did It

- **More stable financing (no hold tables)**
 - Reduced volatility in workload
- **Better collaboration with customers and suppliers**
 - Improved forecasting and delivery
- **Increased reliance on more highly automated strategic distribution centers**
- **Shorter administrative lead times through process improvements**
 - Shifting from manual to automated buying procedures
- **A-76 process for non-inherently governmental positions**
 - MEO or contractor levels of support
- **More long-term contracts with suppliers (e.g. Prime Vendor Contracts)**



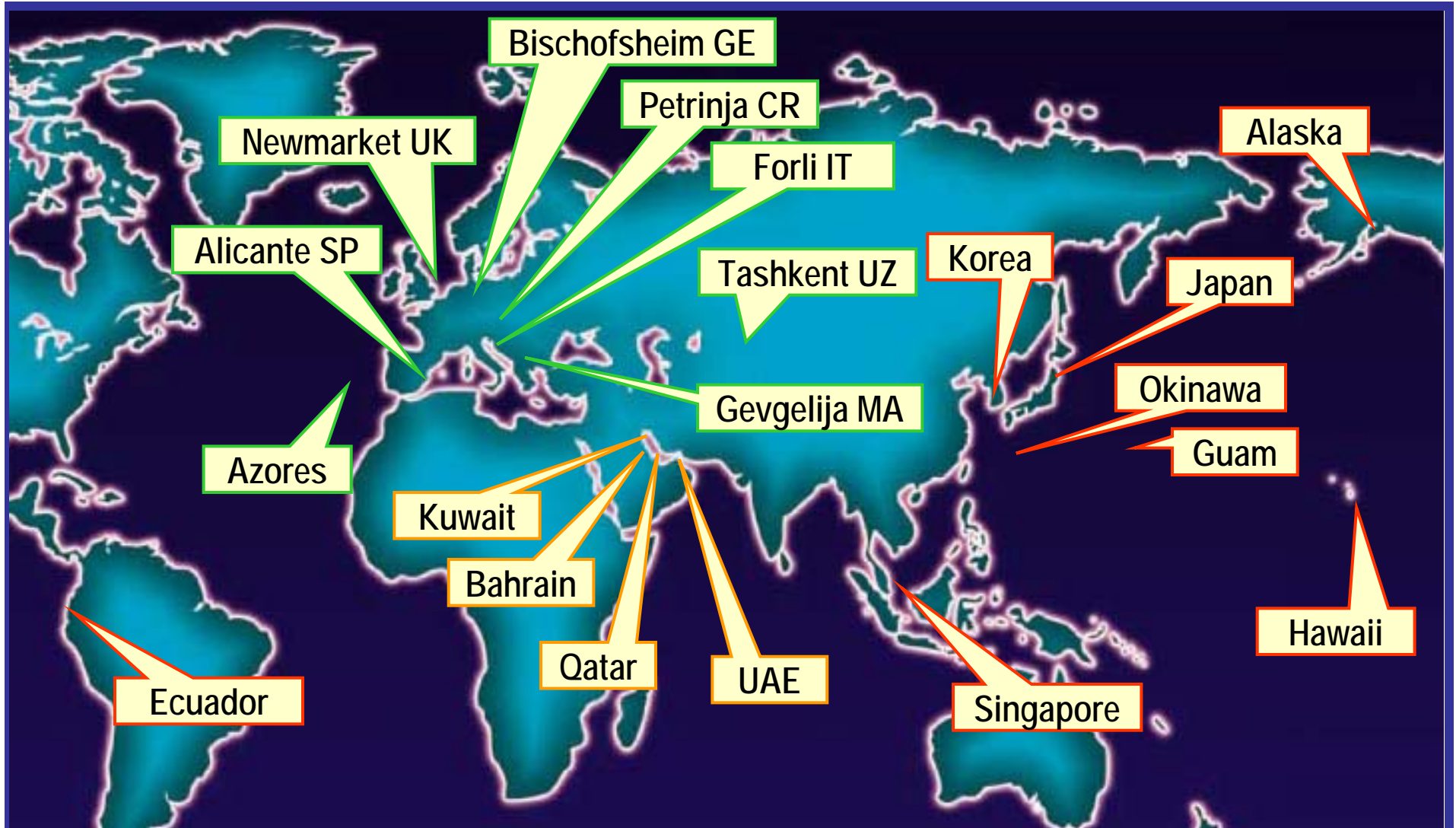
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Subsistence Prime Vendor OCONUS Locations

We are where our customers are





Food Service Equipment Prime Vendor Program

- **Equipment, Parts, Full Life Cycle Support**
 - Design, Layout, Installation, Removal, Warranty Support, Training, Renovations
- **One Stop Shopping For All Equipment Needs**
 - Tech Support, Product Selection
 - Ordering, Funding Options Available
- **Enhanced Readiness**
 - Accelerated Deliveries
 - Flexible Service Support
- **Worldwide Support**
 - Land or Ships Customers
 - CONUS, OCONUS & Maritime Zones
 - Field Offices and Tech Rep visits





Subsistence Prime Vendor Iraq

SPV is the Public Warehousing Corporation (PWC) in Kuwait

SPV Iraq commenced 1 Feb 04

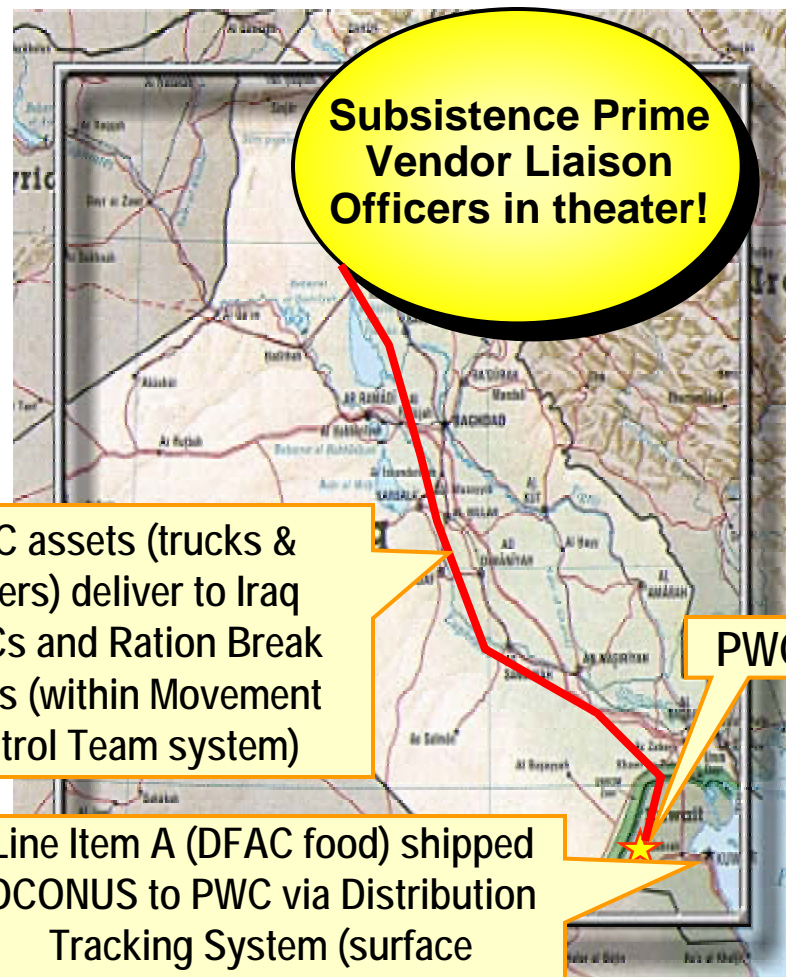
- **100% of Dining Facilities (DFACs) now ordering through SPV**

Distribution PWC facilities to DFAC

- **PWC trucks and drivers make deliveries**
- **100 Tractor Trailers daily**

Key Challenges

- **PWC Asset Command and Control**
- **Transportation Officers along Main Supply Route**
- **Implementing GPS on all PWC vehicles**





OIF Rations Support (through June 2004)

| | | | |
|--|-------------------|-----------------------------------|-----------------|
| Meal Ready to Eat (MRE) | 6.1M boxes | 72.6 M meals | \$503.5M |
| Heat and Serve (H&S) | 534k mods | 26.7M meals | \$155M |
| Unitized Group Ration (UGR)–A | 668k mods | 33.4M meals | \$100.3M |
| Health and Comfort Pack Male/Female (HCP) | 69k boxes | Supports 690k/ 30 days | \$9.6M |
| Halal/Kosher (Arabic/Jewish) | 84k boxes | 1.0 M meals | \$7.4M |
| Meal Alternative Regionally Customized (MARC) | 25k boxes | 250k meals | \$1.2M |



SPV works under Hostile Fire With Challenges



- Several Drivers Killed

- Many Trucks Lost

- Many other trucks damaged





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The Transformation Roadmap

Business Systems Modernization (BSM)

National Inventory Management

Dynamic Material Positioning

Forward Positioning

Customer Relationship Management

Executive Agency: Fuels-Subsistence

Supplier Relationship Mgmt

Work Force Transformation

Integrated Data Environment

Fuels Automated System

PLUS:
A-76 and
BRAC 2005

1998 —————→ **2009**



BSM & SPV

- **Dollar Value**
 - At the end of FY 03, one Region with \$189M sales at standard
 - As of the end of May 04, \$354M sales at standard (20% of total business)
 - By the end of FY 04, Subsistence will have put \$2.5B in BSM and retired DISMS
 - Subsistence will be the only supply chain in BSM at the end of FY 04
- NSNs/LSNs – FY 03 – approximately 27,000
- NSNs/LSNs – FY 04 – approximately 62,000



Bringing our Suppliers into Electronic Commerce

- **Electronic invoicing web site for produce vendors**
 - **Already 600 vendors (in 5 months)**
- **Electronic invoicing web site for market ready vendors (dairy and bakery)**
- **Receipt reconciliation tool for vendors utilizing electronic invoices**





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Summary

- **Leaner... More Productive**
 - **Record Setting Support with Demand at Historic Highs**
- **Focused on Improved Warfighter Support and Reduced Costs**
 - **32.8% Reduction in Backorders and Increased Supply Availability (since Oct 01)**
 - **51% Decrease in Cost Recovery Rates**
- **Strong Support to OIF**
- **DOD Leader In Enterprise System Transformation**

- **Tomorrow's Vision... Smaller, More Efficient, Leveraged with Best Business Practices**
- **Subsistence Prime Vendor a Critical Component**